

14 Feb 1950.

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25 November 1949

MEMORANDUM

TO: ADO

VIA: STD

FROM: Chief, FDP *SHH*

*NK* SUBJECT: "Reply" of Nicolae Malaxa to CIA Memorandum to the FBI -  
Dated 11 May 1948, Which Was Produced in Evidence at  
the Trial of Judith Coplon

1. Malaxa alleges that the contents of the CIA memorandum referred to above are based on deliberately planted information given by his "personal and business enemies". As was shown in my memorandum of 24 October 1949, our information on Malaxa and his activities has been drawn from a variety of sources in Rumania and elsewhere. An analysis of our sources will not be undertaken here. The confidential biographical report from the files of the State Department used by us was, however, prepared in Rumania in 1946, all United States agencies in that country contributed to this document which was put in its final form by the then United States Political Representation in that country.

2. Malaxa's lawyers appear to attempt to discredit the CIA document by placing emphasis on minor discrepancies, leaving the broader questions unanswered. An analysis of Malaxa's statements relative to the CIA memorandum in question is given below. (Numbers used below are keyed to those used in Malaxa's "reply"):

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2. Malaxa's statement relative to his education will be accepted.

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Malaxa contends that his original business was devoted to the repair of locomotives only and not freight cars. The Economic Warfare Section, War Division, Department of Justice, on 21 March 1944 refer to Malaxa's repair of other railroad equipment than locomotives, as does the State Department. Malaxa's contention that he won

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an open competition for erection of locomotives and car plants is ingenious and presupposes that those reading his report have no knowledge of the methods and techniques of Rumanian business. Malaxa reveals these methods (although repudiating them in his own case) when he cites the use of bribery by Skoda and a series of articles in the Rumanian press on bribery and corruption in Rumania.

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No attempt was made to "slander" Malaxa in the statement that he undertook the manufacture of arms and ammunition. He was merely expanding into another profitable field in the Rumania of that time.

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Malaxa's statement that Carol II merely accorded him the attention that was due him because of his role in Rumanian economic life is too naive to be accepted. King Carol simply did not operate that way. It is noteworthy that Malaxa here undertakes to do to his well-known adversary, Max Ausnit, precisely what he complains about in the introduction to his memorandum, namely, to supply information unfavorable to him. Malaxa apparently believes that Ausnit is the sponsor of some sort of campaign against him. That may be, but to our knowledge this organization has never received any information relative to Malaxa directly from Ausnit. In all probability, however, Ausnit, because of his interest in the matter, has more data on Malaxa than any other single individual outside Rumania. Malaxa undoubtedly has a similar file on Ausnit.

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3. Sources of our information on Malaxa's business deals with the Germans were cited in our memorandum of 24 October 1949. Malaxa continues to rely on what he believes to be an American lack of knowledge of Rumania in the pre-war period. It would be profitable to study German documents on Malaxa's activities at this time, if such can be obtained and the subject is considered of sufficient interest.

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4. Photostats of official documents "clearing" Malaxa of association with the Iron Guard would require careful investigation. It would be simple for such documents

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to be obtained by methods well known in Rumania. Such documents must not be accepted at face value. They do not have the same meaning and validity that reports of a United States investigating commission would have.

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If Malaxa did not give Mihai Antonescu anything he would be the only prominent person in Rumania with widespread interests who did not.

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5. Malaxa states that the restitution of his factories was begun by the Radescu Government (which took office in early December 1944). Exhibit 27, a letter from Malaxa to Standard Oil of New Jersey, dated 10 June 1944, states that he offered a one-third interest to Standard in "my firms properties". He further stated that "my firm" owned a pipe factory and a railroad rolling stock plant and a majority interest in the private capital of a natural gas corporation. He further stated that "my firm offers your firm" participation in the Malaxa interests for five million dollars, payable in ten years. It is interesting to note that this letter was written while Rumania and the United States were at war and while Marshal Antonescu was in power. On 8 November 1944, Malaxa offered O. Z. Ide of Detroit a one-third interest in "the factories of my firm in ~~Detroit~~ <sup>Rumania</sup>".

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Malaxa's deal with the Communists relative to reimbursement for his pipe plant was widely known in Rumania in the summer of 1945. Our information on discussions between cabinet ministers relative to this deal comes from an excellent source.

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10 and 11) 7&8. FBI reports provide confirmation of Malaxa's close relations with the Rumanian Legation in Washington. Excerpts from these reports were given in our memorandum of 24 October 1949.

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Max Ausnit has likewise been deprived of his Rumanian citizenship, and in addition has been tried and sentenced in absentia.

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The CIA memorandum to the FBI simply noted a report relative to Malaxa's offer of financial support to a Rumanian resistance movement that was being circulated by adherents of General Radescu, and does not attempt to assess its truthfulness. Reports from good sources in our files indicate that General Radescu has supplied funds to certain Iron Guardists. As far as is known, Malaxa has been Radescu's only source of funds. We have in our files a photostat of Radescu's affidavit in behalf of an extension of Malaxa's U. S. visa.

3. If considered advisable, this Division can prepare a series of questions relative to his activities that could be put to Malaxa. It is evident, however, that Malaxa's second memorandum is another example of special pleading which should not be accepted as proof of Malaxa's activities, intentions and motivation.

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